

Rating Rationale

Brickwork Ratings assigns 'BWR C' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 49.59 Cr of Anugraha Fashion Mill Pvt. Ltd.

Brickwork Ratings has assigned following **Ratings¹** for the Bank Loan Facilities of ₹ 49.59 Cr of **Anugraha Fashion Mill Pvt. Ltd.**

Facility	Amount (₹ Cr)	Tenure	Rating
Term Loan	21.59	Long Term	BWR C
OCC	3.00		
PC/FDB/FBE	25.00	Short Term	BWR A4 (BWR A Four)
Total	49.59	(INR Forty Nine Crores Fifty Nine Lakhs only)	

Note: Out of total PC/FDB/FBE limit of ₹25.00Cr, PC limit is ₹ 20.00 Cr, FDB/FBE limit is ₹5.00 Cr and sublimit under FBE (HAWB/FCR/BL) is ₹ 3.00 Cr.

BWR has principally relied upon the audited financial results up to FY2011-12, provisional financials of FY2012-13, projections of Anugraha Fashion Mill Pvt. Ltd, publicly available information and information/clarification provided by the Company management.

The rating factors inter alia, the experience of promoter in textile business and vertically integrated business operations. However, the rating is constrained by high gearing levels, low profitability margins, stretched liquidity position and intense competition in the highly fragmented and cyclical textile industry.

Background:

The Company was earlier known as Fab N Fabrics. It was started as a partnership firm in 1988. Mr. P Moghan and Mrs. P Raajeshwari were the partners. The Company is located in Tirupur. In 2008 the firm was changed into a Pvt. Ltd Company and the name was changed to Anugraha Fashion Mill Pvt. Ltd. Mr. P Moghan and Mrs. P Raajeshwari are the current

¹ Please refer to www.brickworkratings.com for definition of the Ratings

directors. Mr. P Moghan's son Mr. M Manoj Prabhakar joined the company recently after completing his MBA.

The Company is engaged in spinning cotton yarn and manufacturing hosiery garments for exports. There are also domestic sales of the export surplus. The Company's range of products caters to Men, Women, Children and Infants. The product line of the Company includes Basic T-shirts, Polo Shirts, Nightwear, Innerwear, Pullovers, Cardigans, leggings, etc. The spinning and knitting division are located at Vattamalai. The processing (Dyeing/Cutting) division which is operated by associate firm Free Look Fashions is located in Perundurai. The garmenting division is located in Muthanampalayam Road, Nallur.

The Company currently has 4 exports clients. Currently, there are around 500 employees in garmenting division and around 400 employees in other divisions.

Financial Performance:

Total operating income from operations of the Company decreased marginally from ₹ 78.80 Crores in FY2010-11 to ₹ 78.26 Crores in FY2011-12. EBIDTA increased from ₹ 12.02 Crores in FY2010-11 to ₹ 12.99 Crores in FY2011-12 and PAT increased from ₹ 0.67 to ₹ 2.34 Crores. As per the provisional financials for FY2012-13 total operating income achieved by the Company is ₹ 99.01 Crores. The firm had a net worth of ₹ 7.58 Crores as on 31.03.12.

Rating Outlook:

The rating reflects the position of the Company in the textile manufacturing and export industry. Going forward, improving the capital structure, efficient utilization of working capital and meeting the projected revenue and profitability margins will be the key rating sensitivity factors.

analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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